

# Leading the Way: Integrating Check 21 and PCC

14<sup>th</sup> Annual Government Financial - FMS  
Management Conference

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Thursday, August 12, 2004

# Agenda

Features and Functionality

Overview of Current PCC Process

Check 21 Defined

Defining the Integration of PCC and Check 21  
Processes

Agency Benefits

End to End Workflow

POS Interface and ELVIS Screenshots

Enhanced 215/5515

Statistics

FMS Implementation and Agency Readiness Plan

# Features and Functionality

**Imaging** - Captures a complete electronic image of the check and allows for the retention of a facsimile, without retaining any paper.

**Verification** - Verifies that the account upon which the item is written is not closed, or that the check writer does not have a history of writing bad checks.

**Conversion** - Converts paper checks to electronic debits for processing through the Automated Clearing House network. Checks converted to electronic debits are collected much faster.

**Representment** - Resubmits failed items up to 2 times. The representments can be timed to occur on specific days of the month (i.e., 1st and 15th).

**Reporting** - Reporting occurs by emailing CA\$H-LINK Deposit Tickets and Debit Vouchers (SF215&SF 5515) to the collection site. Pending redeposit reports may also be sent at the agency's option.

# Current PCC Process

Converts paper checks into electronic debits to a check writer's account, within 24 hours

Processes only Personal checks

System retains images of checks and line item transaction detail for a minimum of 7 years, and allows Agency access

Utilized at Over the Counter and Mail-In sites  
(Agency Collected Lockbox)

Agency must provide Notice of Conversion

# Check Clearing for the 21<sup>st</sup> Century or Check 21

Improves all aspects of the payment system  
including the receipt and clearing of checks,  
Facilitates check truncation by allowing the use  
of substitute checks,  
Unlike Conversion, No Notice is required,  
Applies to ALL negotiable instruments,  
Effective date of the regulation – 10/28/04 and  
will apply to all banks, and check writers in the  
U.S.

# Conversion vs. Truncation – Understanding the Differences

Conversion occurs through PCC, when a paper check is converted into an EFT transaction and processed through the ACH network. The check is converted and subject to the Federal Reserve's Regulation E,

Truncation occurs under Check 21 and is the process of a check transposed from a paper check into a digital representation. The digital information remains a check in legal terms, thus being subject to UCC regulation,

Conversion preferred over truncation due to cost (\$0.004 to \$0.25 estimated)

# Defining the Integration of PCC and Check 21

Provide capability for Agency to process all negotiable instruments through one central system

For those items that cannot be converted electronically, FMS will truncate under Check 21 law. This will reduce the amount of items returned due to a debit block

PCC will expand to Financial Agent lockbox operations, and increase over the counter implementations to reduce TGA costs

No Notice is required under Check 21 to truncate items, (Notice must still be provided for PCC items)

New system planned to go-live soon after legal implementation – October 28, 2004

# Agency Benefits

Provide a seamless (appearing) settlement process to Agency customers

Agencies will run all Negotiable Instruments through the PCC system when cost effective

Benefits include consolidated reporting, settlement, representment, verification and image archival for every Agency point-of-presence worldwide

One-customer service interface

Substantially reduce TGA expenses

Better accounting, security, privacy and management controls

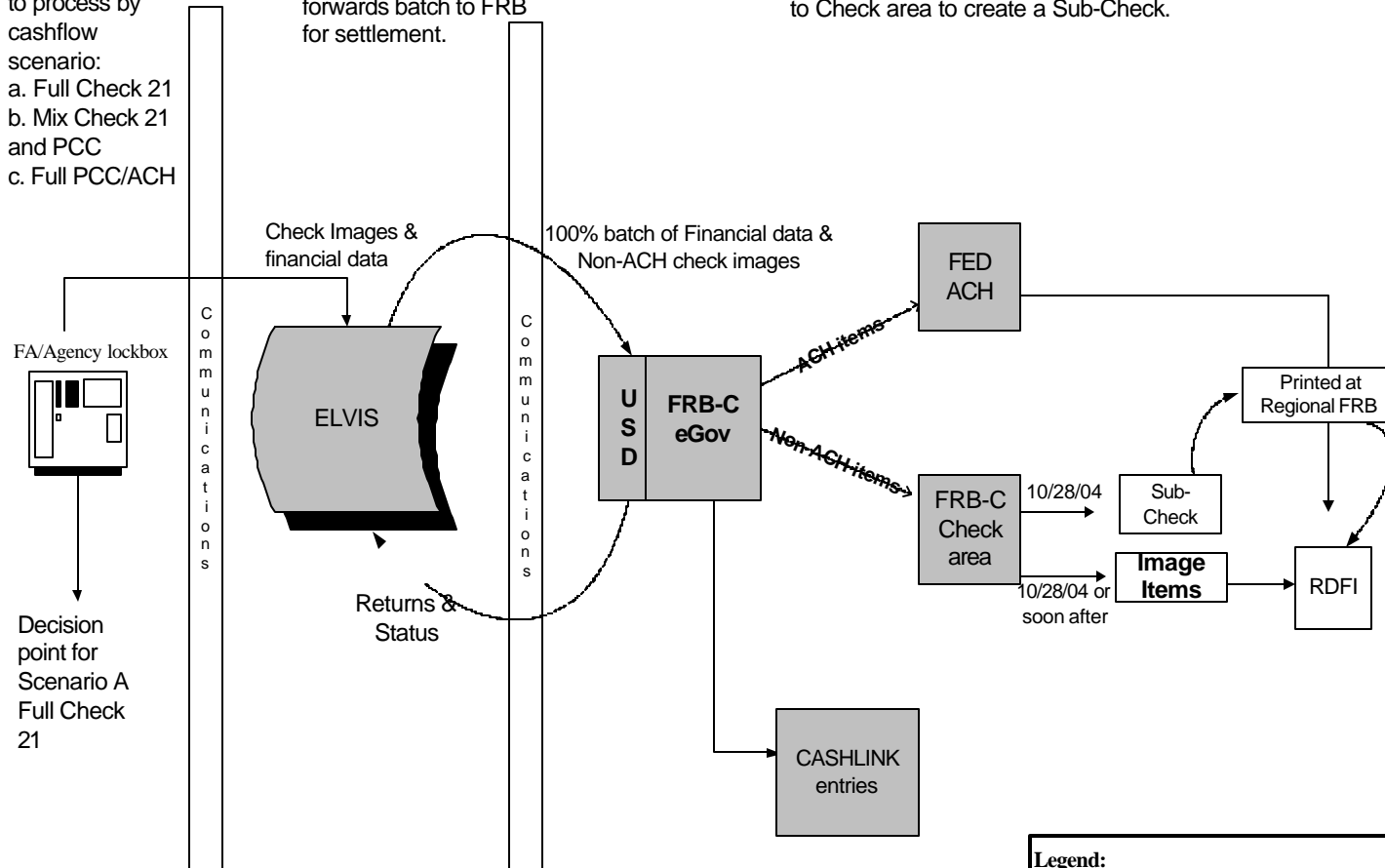


# End to End Workflow

1.) FA/Agency determines how to process by cashflow scenario:  
 a. Full Check 21  
 b. Mix Check 21 and PCC  
 c. Full PCC/ACH

2.) Elvis retains images & financial data, then forwards batch to FRB for settlement.

3.) ACH items are processed electronically at FRB, all Non-ACH items are forwarded to Check area to create a Sub-Check.



All data transmissions are  
 128 SSL bit encrypted

**Legend:**  
 PCC- Paper Check Conversion  
 MVD- Master Verification Database  
 CIRA- Central Image and Research Archive  
 II - Image Items  
 Gray areas denote existing PCC platform

# POS Software User Interface

PCC for the Library of Congress - Copyright Bureau

File Mode Tools Help


User:

Amount:

\*Receipt / Remittance No.:

Note:

☐ Business




**TELECHECK**  
5251 WESTHEIMER  
HOUSTON, TEXAS 77056  
PH 800-884-3700

101  
78-567891234

DATE 02-13-2003

PAY TO THE ORDER OF UNITED STATES TREASURY  
SAMPLE- \$ 100.00

one hundred and 00/100 DOLLARS



For TRAVEL OVERPAYMENT

NON-NEGOTIABLE  
SAMPLE-ONLY

Dr. Federal Employees

⑆ 234567801⑆ 234567890⑆ 0101

7814 4021

IRN: 110425500458400000693

Bank No.: 123456780

Check No.: 101

Account No.: 1234567890

Date Time: 2002:11:22 13:17:53

Done.

Use Esc or Enter to clear the screen.

21 11/22/2002

Start

PCC for the Library of ...

1:21 PM

# ELVIS Central Image Research Archive (CIRA)

Welcome to the U.S. Treasury Paper Check Conversion - Microsoft Internet Explorer

File Edit View Favorites Tools Help

Back Forward Stop Refresh Home Search Favorites History Mail Print Real.com

Address <https://www.cira.gov/mvdapp/webapp/Login.jsp> Go Links



**U.S. Treasury**  
**Paper Check Conversion**

Welcome! Please enter your User Name and Password:

Login Name: Password:

[Change your Password](#)

**WARNING:**  
You are entering an Official United States Government System, which may be used only for authorized purposes. The Government may monitor and audit usage of this system, and all persons are hereby notified that use of this system constitutes consent to such monitoring and auditing. Unauthorized attempts to upload information and / or change information on these web sites are strictly prohibited and are subject to prosecution under the Computer Fraud and Abuse Act of 1986 and Title 18 U.S.C. Sec.1001 and 1030.

**Build Version: Built at 04/28/2003 12:37 PM**

Done

Start | My Comp... | Sd-ff-atd ... | Paper Ch... | Presentati... | Current Pr... | Microsoft ... | Welco... | 9:00 AM

# CIRA Search Screen

Welcome to the U.S. Treasury Paper Check Conversion - Microsoft Internet Explorer

File Edit View Favorites Tools Help

Back Forward Stop Refresh Home Search Favorites History Mail Print Real.com

Address [eld5=&text5=&select5=Inclusive&field5=&text5=&account=&rt=&transactionId=&field2=&amount=&batchId=&rDate=Inclusive&rdS=&rhS=&rdE=&rhE=&ccDate=Inclusive&ccdS=&ccdE=](#) Go Links

U.S. Treasury Paper Check Conversion Thu Jun 26 08:22:39 EDT 2003

NARA  
Central Image Research Archive

Home Admin Location Verification CIRA Report Logout

Role Account Audit Terminal About

**Define Your Search Criteria.**

**NOTE:** At least 1 field needs to be entered in order to perform your search.

Location Name:

☒ Include Subordinate Locations

INVOICE NUMBER:	( Number )	Inclusive	
Check Writer's Bank Account Number:			
Check Writer's Bank Routing Number:			
Unique Transaction ID:			
Cashier ID:			
Amount Of Check:			
Batch ID:			
Received Date:	(U.S date format - mm/dd/yyyy hh:mm)	Inclusive	
Check Capture Date:	(U.S date format - mm/dd/yyyy)	Inclusive	

**NOTE:** A browser plug-in for viewing TIFF image files is required to view check images on the website.

Done

Start Lotus... Micro... Wel... My C... Sd-ff... Paper... Agen... N A R... Adob... Internet

8:22 AM

# CIRA Search Results Screen

Welcome to the U.S. Treasury Paper Check Conversion - Microsoft Internet Explorer

File Edit View Favorites Tools Help

Back Forward Stop Refresh Home Search Favorites History Mail Print Real.com

Address locationcheckbox=on&select1=Inclusive&field1=&account=&rt=&transactionId=&field2=&amount=&batchId=&rtDate=Inclusive&rdS=&rhS=&ccDate=Inclusive&ccdS=&View=ViewItems Go Links

U.S. Treasury Paper Check Conversion Mon Jun 30 09:31:59 EDT 2003

CIRA Search Display

Home Admin Location Verification CIRA Report Logout

Role Account Audit Terminal About

Results for : User:AdamMartin1 Sort by :RN Records: 263 Items TotalAmount:\$9,374.50

< back

Unique Transaction ID	ALC or DSSN Code	Capture Date	Bank Routing Number	Bank Account Number	Check Amount	INVOICE NUMBER	CashierID	Check Type	Processing Mode
120922500121200000019	4700001601	2003/06/11 14:55:25	322270356	5960009578	\$10.00	5164	Pamela Richards	Consumer	LOCKBOX
120922500121200000025	4700001601	2003/06/11 15:26:20	323276430	17503879070005	\$10.00	5168	Pamela Richards	Consumer	LOCKBOX
120922500121200000043	4700001601	2003/06/13 15:30:02	103000017	415200071628	\$10.00	5364	Pamela Richards	Consumer	LOCKBOX
120922500121200000045	4700001601	2003/06/13 15:32:00	021000021	259210846	\$20.00	5365	Pamela Richards	Consumer	LOCKBOX

AlternatIFF

Next >

Unique Transaction ID : 120922500121200000061

ALC or DSSN Code 4700001601

Capture Date 2003/06/19 14:23:59

Bank Routing Number 055003201

Bank Account Number 2000700195239

Check Number 001382

Check Amount \$112.50

INVOICE NUMBER 5724

CashierID Pamela Richards

Check Type Business

Processing Mode LOCKBOX

SCHUMANN PRODUCTIONS INC.  
6407 81ST STREET PH. (301) 229-7543  
CABIN JOHN, MD 20818

FIRST UNION NATIONAL BANK  
65-320/550 - 97781

1382

6/2/03

PAY TO THE ORDER OF NATF \$ \*\*\*\*\*112.50

One hundred twelve and 50/100\*\*\*\*\* DOLLARS

MEMO #124A - Still repro.

001382 055003201 2000700195239

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Start Lotus Notes Desktop Northern Arizona Universit... Welcome to the U.S. ... 9:33 AM

# Automated Deposit Ticket (SF 215)

## 215 - Deposit Ticket

<b>ALC - 00006600</b>	<b>Deposit Ticket # - 0000158</b>	<b>Fiscal Agent - FRB CLEVELAND</b>	<b>Settlement Date - 09/17/2001</b>
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## 215 Detail

ALC - 0000660001      Location Name - BAUMHOLDER, GR

Cashier ID	Transaction Date	Summary Count	Summary Amount
<u>glyde</u>	09/14/2001	1	\$ 500.00
<u>nalbert</u>	09/14/2001	4	\$ 162.00
<b>Total ALC - 0000660001</b>		<b>5</b>	<b>\$662.00</b>

ALC - 0000660002      Location Name - KAISERLAUTERN, G

Cashier ID	Transaction Date	Summary Count	Summary Amount
<u>dclayton</u>	09/14/2001	2	\$25.00
<b>Total ALC - 0000660002</b>		<b>2</b>	<b>\$25.00</b>

## 215 Summary

Summary number of transactions	<u>7</u>
Summary of total Dollars	<u>\$ 687.00</u>

# Automated Debit Voucher (SF 5515)

## Check Conversion CASH-LINK Debit Voucher Activity Report

5515 - Debit Voucher

ALC - 00006000		Fiscal Agent - FRB CLEVELAND		Return Settlement Date - 12/06/2001	
Debit Voucher Number	Unique Transaction ID	Date of original transaction	Original CASH-LINK DTN	\$ Amount	Cashier ID
0005884	100701500119600000996	12/04/2001	0008315	\$100.00	<u>jdixon</u>
Summary number of transactions		<u>1</u>			
Summary of total dollars		<u>\$100.00</u>			

# Statistics

PCC Startup date: Sept. 14, 2001

Initial deployed sites: Military bases overseas,  
and then small domestic federal agency sites

Total ACH Transactions: 1,827,550

Total Dollar Amount: \$885,356,184

Total Agencies Currently Using PCC: 46

Total Sites: 180 (domestic and worldwide)



# FMS Implementation Plan

General Lockbox Network: Under the new rebid, FMS requires all banks to use conversion/truncation, & imaging services,

Over-the-Counter & Agency Collected Lockbox: FMS will provide Agencies with the necessary equipment to complete a pilot.

# Agency Readiness Plan

Transition of paper cashflow to electronic process will be swift at the lockbox

FMS and/or FA will assist Agency in completing an Agency Cashflow Profile

Agency will give Notice of Conversion to customers before implementation date

PCC Operating Procedures will be available for the Agency

Training will be provided to Agency